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The conservative Washington-based research organization, the American Enterprise Institute (AEI), Thursday held a forum on ways to reform the World Bank, the planet's biggest development lender recently engulfed in controversy that led to the resignation of Paul Wolfowitz as president. VOA's Barry Wood has more.

The panel debated whether the over 180 member-nation World Bank is still needed 60 years after it was founded to rebuild war-torn Europe. With one exception the panel of five seemed to agree that the answer is yes, provided changes are made.

William Easterly, a New York University professor and former bank employee turned fierce critic, said the bank has become dysfunctional with little connection between stated objectives and results. A good example, he said, is the bank's decade long campaign against corruption.

"The share of aid (from the bank) going to corrupt countries has actually gone up during the period in which we've had a lot of rhetoric about fighting corruption. So the World Bank is actually getting worse about fighting corruption despite all the rhetoric to the contrary," he said.

Independent analysts say 44 countries that borrow from the bank are highly corrupt. Dennis DeTray, a retired executive who headed Bank operations in Central Asia, says the World Bank tries to do too much and is too big. "There's nothing wrong with the Bank that a 40 percent in staff wouldn't fix. It's just too big. And, you know, as long as it's big they will find ways to employ those people," he said.

The World Bank employs over 10,000 professionals and lends to dozens of countries. Mark Kirk, a Chicago area congressman and member of President Bush's Republican party who was a bank employee, says the bank is a powerful institution that should open its activities to public scrutiny. The Bank, he says, is the biggest provider of money to 40 countries, compared to only seven for the American Agency for International Development (AID).

"And so what happens in that (World Bank executive) board and the policies set forth, for the long-term foreign policy interests of the west, are actually far more important in the World Bank board meeting than on the floor of the House of Representatives or even the White House," he said.

Adam Lerrick of AEI says the World Bank has become irrelevant to economic development. The private sector, he says, does far more to promote prosperity in poor countries than does the World Bank. Lerrick regards bank employees as mostly self-serving bureaucrats who have won a victory in forcing out Paul Wolfowitz from the bank presidency.

"At this stage I think the morale of the institution is very high. They've just had a great victory. The staff of the institution has reasserted absolute control over the institution," he said.

Wolfowitz last month was forced to resign after he lost staff and executive board support over irregularities concerning his role in the compensation of a female employee.

President Bush has nominated former state department and trade official Robert Zoellick to take his place. By tradition the head of the bank has always been an American while a European has always headed its sister institution, the International Monetary Fund.